



The USSR

Supplement

REGIONAL AND POLITICAL ANALYSIS

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THE USSR
SUPPLEMENT
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This publication is prepared by the USSR Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the Directorate of Intelligence. The views presented are the personal judgments of analysts on significant events or trends in Soviet foreign and domestic affairs. Although the analysis will center on political matters, it will discuss politically relevant economic or strategic trends when appropriate. Differences of opinion will sometimes be aired to present consumers with a range of analytical views. Comments and queries are welcome. They should be directed to the authors of the individual articles or to

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Gandhi's Defeat: New Problems for the USSR

The defeat of Indira Gandhi poses serious problems for the USSR. As Soviet Foreign Minister Gromyko privately noted in June 1975, India has held a special position in Soviet foreign policy since the India-Pakistan war of 1971. The essential ingredients of the Indian-Soviet relationship have been their mutual anti-Peking and, to a lesser degree, anti-Washington positions as well as Moscow's willingness to back Indian policy on the subcontinent. The USSR views its Indian policy as a way to increase its own influence and balance that of China's in South Asia and the third world. A key element in Soviet calculations has been Gandhi's personal commitment to continued good relations with Moscow.

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Gandhi's failure to win reelection deprives the Soviet Union of its strongest supporter in official Indian circles and raises the possibility of a shift in Indian foreign policy detrimental to the USSR.

Even before the recent election, frictions had begun to appear in Soviet-Indian relations. There are indications that in early 1977 the Soviets feared India might become another Egypt.

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On the Soviet side, these tensions were largely the result of Moscow's growing frustration over its inability to translate military aid into political leverage. Although the USSR is India's major arms supplier, it has often been unable to mold Indian policy to its liking. It was not able to stop India from reestablishing

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relations with Peking. The Indians have refused to accept the Soviet concept of a regional, collective security pact in Asia. Moscow and New Delhi remain at loggerheads over law of the sea issues. Although the two governments agree on the need for a demilitarized Indian Ocean, the Indians have refused to yield to Soviet arguments on nuclear nonproliferation. Both Moscow and New Delhi oppose a US base on Diego Garcia, yet the Indians have used the threat of such a base to wrangle more concessions from the Soviets while refusing to grant them more port facilities.

At the same time, conservatives within Gandhi's Congress Party and among the opposition have become increasingly concerned over Soviet exploitation and dominance. The fact that the Soviet Union supplied 75 percent of India's military aid in 1976 and has tried in the past to use its aid to influence Indian policies has worried Indian policymakers. Moreover, the Indians have expressed dissatisfaction in the past over the Soviets refusal or inability to provide more sophisticated arms. Last year India investigated the possibility of purchasing Western aircraft, but financial considerations stood in the way. In late 1976, however, India purchased the right to manufacture a French air-to-air missile, more advanced than the Soviet model it now produces.

At the same time, the Indians have expressed concern over what they perceive to be an increasingly one-sided economic relationship. [REDACTED]

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[REDACTED] the repayment of debts to the USSR results in a net outflow of resources to the Soviet Union. In addition, the USSR has refused to accept Indian arguments on rupee-ruble valuation, an issue that could greatly raise India's debt.

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As Indian industry has developed, India's needs have changed and Soviet aid has lost some of its appeal. [REDACTED]

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[REDACTED] Indian requirements have become more specialized and sophisticated and not easily filled by the Soviets.

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to expand the range of imports Soviet trade credits covered to include basic design concepts, spare parts, and industrial raw materials.

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The Soviets have been aware of many of these military and economic problems and moved to alleviate some of them in 1976. They agreed to sell the Indians 70 MIG-21Bs and the right to manufacture them. In mid-1976, they announced they would trade crude oil, a hard currency earner for Moscow and a dear commodity for New Delhi, for Indian pig iron, a product with few international markets that the Soviets do not urgently need. In the fall of 1976, the Soviet announced they would supply India with 200 tons of heavy water for its nuclear program.

In a sense, the Indians had the Soviets over a barrel. The USSR had made such a heavy investment in India that it could hardly turn its back on Indian requests for more aid, and if some aspects of their relationship with New Delhi bothered them, they could at least rest easy, assuming that difficulties would be resolved as long as Gandhi was in charge.

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though India will probably continue to rely on Soviet military aid, the new government will no doubt try to lessen its overall dependence on Moscow and expand its

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relations with Europe and the US. Even before the election there were indications that members of Gandhi's own cabinet favored such a policy. During the election, Moraji Desai, head of one of the four parties that comprised the anti-Gandhi Janata coalition and a leading candidate to become prime minister, expressed doubts over the wisdom of the Indian-Soviet treaty of 1971.

The Soviets may hope that the opposition coalition that defeated Gandhi's Congress Party will splinter into quarreling factions. One unfortunate possible side effect of such an event, from the Soviet perspective, is that this could weaken India's position on the subcontinent, a situation that could only work to the benefit of Peking.

The Soviets may console themselves, however, with the fact that the departure of Gandhi need not necessarily lead to improved Indian relations with the US. The new regime may continue India's policy of opposing a base on Diego Garcia, although this problem may be alleviated by recent changes in the US position on Indian Ocean bases. Indian nuclear policy will probably present problems for both Moscow and Washington, because members of the Janata leadership have for sometime advocated a nuclear weapons program for India.

The Soviets will probably try to increase contacts with members of the new government while continuing to support and encourage the CPI. On March 22, *Izvestia* blamed Gandhi's defeat on her failure to assess popular sentiment correctly, policy excesses, and her refusal to work with the CPI. At the same time, Moscow will no doubt try to mend its fences with India's neighbors, Pakistan and Bangladesh.

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Ryabov's New Job as Party Defense Industry Chief Confirmed

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[redacted]
[redacted] linking CPSU Secretary Yakob P. Ryabov to the Soviet missile and space program, a further indication that he has taken over Ustinov's duties as party secretary in charge of defense industries.

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Ryabov was promoted to the Central Committee secretariat last October, [redacted]
[redacted]

party secretary in charge of defense industries is a member of the Defense Council and supervises 8 to 10 defense industry ministries through the Military-Industrial Commission.

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[redacted]
[redacted] confirmed that Ryabov has in fact assumed the function of supervising Soviet space and missile activities. [redacted]

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